The impact of participative leadership on employee innovation behaviour in multinational enterprises

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Abstract: Examining the behaviour of organizational leaders across all levels is essential for the organization's growth. In the context of multinational organizations, the purpose of this research is to examine the connection between participatory leadership and innovative employee behaviour as well as the moderating role of workplace climate in this relationship. 96 employees and their immediate supervisors from different industries were asked to participate in this study which were employed by multinational corporations via filling a questionnaire. SPSS was utilized to answer the research question and investigate the interactions. Despite the dominant autocratic management style in the North Macedonian business sector, leadership is considered a major asset in today's ever-changing environment. The findings suggest, when institutional complexity is high, it may be more difficult to adopt a participatory approach due to a greater gap between leaders and those below them. This study provides new insight into the existing literature on the topic.

Keywords: participative leadership, employee, participation, leadership, organization

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Vpliv participativnega vodenja na inovativno vedenje zaposlenih v večnacionalnih podjetjih

Povzetek: Proučevanje vedenja organizacijskih voditeljev na vseh ravneh je ključno za rast organizacije. V kontekstu multinacionalk je namen te raziskave preučiti povezavo med participativnim vodenjem in inovativnim vedenjem zaposlenih ter vplivno vlogo delovnega okolja v tej povezavi. V študijo je bilo vključenih 96 zaposlenih in njihovih neposrednih nadrejenih iz različnih industrij, ki so bili zaposleni v multinacionalkah, sodelovanje pa so zagotovili z izpolnjevanjem vprašalnika. Za odgovore na raziskovalno vprašanje in preučevanje interakcij je bilo uporabljeno orodje SPSS. Kljub prevladujočemu avtokratskemu slogu vodenja v poslovnem sektorju Severne Makedonije se voditeljstvo šteje za pomemben vir v današnjem hitro spreminjajočem se okolju. Ugotovitve kažejo, da je v primeru visoke institucionalne kompleksnosti lahko težje sprejeti participativni pristop zaradi večje vrzeli med voditelji in tistimi pod njimi. Ta študija prinaša nove vpoglede v obstoječo literaturo o temi.

Ključne besede: participativno vodenje, zaposleni, sodelovanje, vodenje, organizacija

1   INTRODUCTION

Research on participatory leadership and its impact on employee behavior has garnered considerable attention in recent years (Bass, 1985; Yukl, 1999). Participatory leadership, characterized by shared decision-making and involvement of employees in organizational processes, has been recognized as a vital leadership style that promotes creativity and innovation among employees (Bass, 1985; De Jong & Den Hartog, 2007). However, the interplay between participatory leadership and the work environment in influencing creative employee behavior remains a relatively underexplored area of research.

Furthermore, the significance of the work atmosphere in encouraging employees to take risks and be proactive has been acknowledged in the literature (Amabile, 1988; Carmeli et al., 2009). A work environment that promotes risk-taking and proactivity is conducive to fostering a climate of innovation and creativity, enabling employees to explore novel ideas and approaches (Carmeli et al., 2009; Tierney et al., 1999). However, the extent to which such a work atmosphere can moderate the relationship between participatory leadership and creative employee behavior in the context of MNEs requires further investigation.

Therefore, this study aims to fill this research gap by examining the direct and indirect impacts of participatory leadership on creative employee behavior within MNEs, while also exploring the moderating role of the work atmosphere. By utilizing a quantitative research approach, this study seeks to gather empirical evidence to support its hypotheses and provide valuable insights into the intricate dynamics between leadership, work environment, and employee creativity. By addressing this research topic, the study seeks to make a significant contribution to the existing literature on the subject matter. Specifically, it aims to enhance our understanding of the extent to which participative leadership can impact innovative employee behavior in multinational enterprises (MNEs), while also investigating the potential moderating effect of a work environment that fosters risk-taking and proactivity.

2   THEORETICAL BACKGROUND

Many diverse leadership philosophies, including transformational leadership, servant leadership, and participatory leadership, are among the leadership models that may have an impact on inventive employee behaviour, according to studies on leadership and creative employee behaviour (Eisenbeiss, Knippenberg, & Boerner, 2008; Zhang et al., 2015). Participatory leadership, a kind of management, has been shown to increase employee engagement and commitment while increasing the quantity of innovative activity among employees. This is achieved by involving individuals in decision-making (Hirst et al., 2011). Participative leadership is still in its infancy, there is a need to study the mechanism through which participative leadership result in different employee outcomes (Miao et al, 2013). The positive side of participative leadership is that these leaders do not impose their decisions on employees. Instead, they take suggestions and recommendations from the employees and take decisions on the basis of consensus (Somech & Wenderow, 2006). Chen and Tjosvold (2006) asserted that in joint decision making and constructive controversy, a method in which views are expressed directly, others' views aim to be understood and opinions are used for solving problems. So, it can be said that participative leaders have a role in creating organizational learning opportunities and encouraging innovation. On the other hand, several other factors, such as the environment at work, influence a complex dynamic between participatory leadership and creative employee behaviour (Anderson et al., 2014; Shin & Zhou, 2007). Work atmosphere may be defined as employees' shared perceptions regarding

their working conditions, including their amount of risk-taking, initiative, and innovation (Anderson & West, 1998; Shin & Zhou, 2007). The positive impacts of participatory leadership on creative employee behaviour at work that supports proactive behaviour and encourages risk-taking are probably made possible by a certain setting. Prior research has shown that work climate has an impact on the relationship between certain leadership styles and individual work-related outcomes (Wang & Rode, 2010). Employee commitment to change is referred to as a positive employee behaviour in which he supports the change based on his faith that the change is beneficial (Herscovitch & Meyer, 2002). Those employees who feel committed to change are more likely to show change related behaviour (Rafferty & Restubog, 2010). Employees not only feel honoured but also motivated that their leader respects their views and treat them as equal members of the organization (Kim, 2002). Furthermore, when employees perceive such climates, they will be encouraged to take initiative and risks. Employees might respond better to participative leadership when they perceive that the provided resources and support are adequate (Gumusluoglu & Ilsev, 2006). Exploring the impact of participative leadership on employee commitment to change and innovative work behaviour is essential in order to understand the role of positive leadership in fostering change and innovative work behaviour among employees. By carrying out a participative leadership style, the leader creates an environment, based on transparency of information and knowledge, where subordinates feel that they participate in the decision-making process (Ogbeide & Harrington, 2011). As a result, this contributes to employee innovative behaviour because subordinates have increased motivation to come up with new ideas, as they perceive more empowerment from and engagement of the leader (Yan, 2011).

Moreover, research suggests cultural factors may act as modifiers in the relationship between participative leadership and inventive employee behaviour (Zhang et al., 2015). For instance, participatory leadership may be more effective in fostering creative behaviour in collectivist societies where cooperation and collaboration are highly valued. This results from the focus on group work (Eisenbeiss et al., 2008). Explained by Popovski (2001) there are three distinct types of organizational climate labelling them as conservative, entrepreneurial and flexible. According to him, the businesses characterized by their conservative organizational climate have vertical hierarchy and strict division of labor. Decisions in these companies are centralized; the communication is top-down using orders and directives. A mentality of subordination prevails, and the applied leadership style is autocratic. Popovski's (2001) statements leads to the point that entrepreneurial organizations are better adapted to the changes in the environment, but in terms of the leadership, they are also prone to some sort of an authoritarian leader which is contrary to the participative type of leadership. He explains that characteristic of the organizational climate of an entrepreneurial organization is the strong influence of the founder. The owner nurtures a climate of informal roles and relationships. Formal rules and procedures do not exist, but the control is at the discretion of the owner. However, in organizations that nurture the flexible model of climate, people are valued based on their expertise and competence. The leadership is participatory. The flexible model of organizational climate encourages the employees to adjust their behaviour to the requirements for the implementation of development goals, new production methods, technology and/or the changes in the external environment, but the relations between the members of the organization are cooperative and there is a high cohesion in the groups (Popovski, 2001). In the survey conducted by Kostovski et al. (2015) which explored the situation with the leadership styles and the organizational climate in Macedonian companies the findings results show that the majority of respondents incline towards or prefer and practice the conservative (traditional) organizational climate, to the entrepreneurial and to the flexible climate. Indicative is the difference between the preferred (practiced) climates in the case of the male vis-à-vis the female respondents. While among the former, the dominant and most preferred is the conservative climate, the majority of the later (women) prefer the entrepreneurial climate and style. According to a second study of the business sector in

North Macedonia, the predominant management and decision-making style remains autocratic and individualistic despite not being suitable for the new industries, new times and new profiles of the work force (Bojadjiev et al., 2015)

Despite a lot of research, there is still a lack of consensus as to which factors lead to innovative work behaviour (Akram et al, 2016).

3   METHODOLOGY

The research question addressed in this paper is: "What is the relationship between participative leadership and employee innovative behaviour contingent on a proactive and risk-taking work climate?" The objective of the current paper was indented to explore the general consequence of the participative style of leadership on employee in the MNC's companies in Republic of North Macedonia in different industries.

The present study employed a quantitative research methodology, employing a meticulously designed research strategy to investigate the relationships between participative leadership, creative employee behavior, and the moderating influence of the work atmosphere. Data acquisition was conducted through the administration of questionnaires, resulting in a total of 96 employees and their immediate supervisors from different industries were asked to participate in this study which were employed by multinational corporations. he gathered data underwent a comprehensive analysis utilising both Structural Equation Modeling (SEM) and the Likert scale, enabling the exploration of both direct and indirect impacts of participative leadership on creative employee behaviour. Additionally, the moderating role of the work atmosphere within this relationship was examined. To conduct the statistical analyses, the author utilised the IBM SPSS program, a widely recognized software package in the field of data analysis. The self-administered data collection technique was employed, involving the active participation of employees working across various industries within multinational enterprises located in the Republic of North Macedonia. They filled out the questionnaires in their work settings. They received assurances that the information they provided would be kept private. All ethical factors had been taken under consideration. The respondents were invited to read in addition to understanding them to fill up the questionnaire. Additionally, the author claimed that the aim and objectives of the current paper are purely academic.

4   RESEARCH RESULTS

4.1 Demographic analysis of the employees and companies

The objective of the current study was to explore the general consequences of participative leadership on employees in multinational companies (MNCs) across different industries in the Republic of North Macedonia. The study consisted of 96 respondents, with 61 males and 35 females. The age distribution of the respondents revealed that the majority belonged to the 30-39 age group, followed by the 41-50 age group, the 20-29 age group, and finally, the over 50 age group. Regarding the size of the companies, most of the respondents worked in companies with over 500 employees, followed by companies with 10-99 employees, and a smaller number in companies with 100-499 employees. Over 20% of the participants had been working in their current companies for over 20 years. In terms of departmental affiliation, the Sales Department had the highest representation among the respondents, followed by the Marketing & Communication Department, Customer Operations, Supply

Chain & Warehouse, Finance, Research and Development, Product Management, and Product Development.

4.2 Immediate manager/supervisor encouragement and listening

Regarding the role of immediate managers/supervisors, the majority of respondents feel that their managers/supervisors do not encourage them to express their ideas or suggestions. Only a small percentage believes that their managers/supervisors provide such encouragement. Additionally, most respondents perceive that their managers/supervisors do not actively listen to their ideas and suggestions, while a few feel that their managers/supervisors do listen. In terms of decision-making, half of the respondents do not believe that their managers/supervisors use suggestions when making decisions that affect them, while a slightly lower percentage believes that their managers/supervisors do consider their suggestions.

4.3 Intention and inclination of respondents to search for ideas and opportunities

In terms of proactivity and searching for ideas and opportunities, it appears that the majority of respondents do not actively engage in these behaviors. Only a small percentage disagrees with the intention to search for ideas and opportunities. However, the majority of respondents generate creative ideas compared to those who do not. When it comes to implementing new ideas, a significant percentage of respondents disagree that they investigate and secure financial resources for their ideas, while a smaller percentage indicates that they do. Similarly, some respondents fail to develop adequate plans and schedules for implementing new ideas, while others are able to do so. The findings regarding organizational support and encouragement for proactivity and innovative behavior show mixed results. More than half of the respondents believe that their organization does not encourage them to proactively approach problems, while a considerable percentage feels encouraged. Moreover, a majority of respondents perceive that their organization does not support the search for immediate solutions or exploring new opportunities. Regarding the existence of processes to quickly use opportunities to attain goals, a significant percentage disagrees, indicating a lack of such processes in their organizations. Turning to the role of immediate managers/supervisors, approximately half of the respondents perceive that their immediate managers/supervisors use their suggestions to make decisions that affect them, while a notable proportion disagrees. Regarding the opportunity to voice their opinions, almost half of the respondents agree that their immediate managers/supervisors give them a chance to do so. However, a significant percentage does not feel the same level of opportunity.

4.4 Organizational support for proactivity and problem-solving

The analysis indicates that participative leadership, which values employee opinions and fosters positive linkages, is associated with greater employee engagement in innovative work practices. Nevertheless, there are areas for improvement within the role of immediate managers/supervisors. Many respondents do not perceive their immediate managers/supervisors as making decisions based solely on their own ideas or putting effort into developing new things. Additionally, a considerable percentage does not believe that their immediate managers/supervisors systematically introduce innovative ideas into work practices or actively look for opportunities to improve things. These findings highlight the importance of addressing gaps in leadership behaviors, organizational support, and the promotion of employee proactivity and innovation. Organizations can benefit from fostering a participative leadership approach that encourages employee expression, active listening,

and the utilization of employee suggestions in decision-making. Furthermore, organizations should strive to create a supportive environment that enables employees to search for ideas, implement new initiatives, and contribute to continuous improvement. By addressing these areas, organizations can enhance employee engagement, innovation, and overall organizational performance.

5   DISCUSSION OF RESULTS

These results can be utilised to inculcate innovation and invention as a climate in MNC's as employee innovative individual able to generate new ideas and translate the curriculum goals and needs by using creative and employee innovative methods. In summary, it suggested that most respondents felt that their immediate managers/supervisors did not encourage them to express their ideas and suggestions. Additionally, the majority of respondents perceived that their managers/supervisors did not listen to their ideas and suggestions, and did not use suggestions when making decisions that affected them. Moreover, the results indicated that a significant number of respondents did not actively search for ideas and opportunities, although a small percentage disagreed with this intention.

Regarding employee innovativeness, a considerable proportion of respondents did not consider themselves to be innovative. A majority of the respondents also felt that their organization did not encourage proactive problem-solving and did not support the search for immediate solutions or exploration of new opportunities.

The study findings also revealed that most respondents did not believe that their organizations allowed them to set their own goals, consult them regarding important changes, or support a risk-avoiding attitude. In addition, a significant proportion of respondents did not perceive that their immediate managers/supervisors used their suggestions or allowed them to voice their opinions. Overall, the results indicated that there were opportunities for improvement in terms of participative leadership and fostering a supportive and innovative work environment within the surveyed organizations. The findings align with previous academic studies that highlight the positive impact of participative leadership on employee engagement and innovative work practices.

6   CONCLUSION

Given the increasing challenges faced by leaders in making independent decisions, organizations should emphasize the importance of participative leadership. This involves promoting shared decision-making processes that involve employees at various levels. Leaders should actively seek and value input from employees, encouraging their involvement in decision-making and problem-solving activities. As competition within the market intensifies, it is becoming increasingly difficult for leaders to make effective, independent decisions. Considering this, participative leadership has become an increasingly important element within leadership research. Our study findings indicate that the majority of respondents are in a position of responsibility for a group of employees within their respective companies, and that when asked if they possess the traits or skills generally associated with leadership, the majority of respondents answered in the negative. Employee proactive work behavior is a broadly described idea that consists of various types of behavior (Jiang & Gu, 2015). We mirrored these findings with regards to interactions for two proactive

behaviors, and although some of the respondents felt that their respective companies promoted the idea of having their employees be proactive or explore new opportunities, the majority of respondents still felt that their companies failed to do so.

The study revealed that many respondents felt that their companies failed to promote employee proactivity or create opportunities for exploring new ideas. Organizations should actively encourage and support employee proactivity by establishing a work environment that nurtures risk-taking, creativity, and innovation. This can be achieved through initiatives such as setting aside dedicated time for idea generation, providing resources for experimentation, and recognizing and rewarding innovative contributions. These conclusions are consistent with earlier academic studies. With regards to their immediate manager/supervisor, it is found that the respondents either agree or disagree that their respective leaders encourage them to be proactive, or that they find that their leaders are either those who listen or those who do not listen to those they manage. In summary, our findings suggest that as the market becomes increasingly competitive, it is increasingly difficult for leaders to make effective decisions independently, thus necessitating the importance of participative leadership.

It is crucial for leaders to demonstrate behaviors that encourage employee proactivity and engagement. Leaders should actively listen to their employees, seek their input, and value their ideas and suggestions. By creating an open and supportive communication climate, leaders can foster trust and empower employees to be proactive and innovative in their work. Furthermore, our results indicate that the majority of respondents do not possess the traits or skills generally associated with leadership, and their respective companies are failing to promote the idea of employees being proactive or exploring new opportunities. Finally, the respondents either agree or disagree that their respective leaders encourage them to be proactive, or that they find that their leaders are either those who listen or those who do not listen to those they manage. In summary, organizations should embrace participative leadership, invest in leadership development, promote employee proactivity, strengthen leadership behaviors, and adapt to market competition. By implementing these recommendations, organizations can create a work climate that fosters innovative behavior among employees, leading to enhanced competitiveness and sustainable growth in today's dynamic business landscape.

Unanswered Questions and Gaps in Existing Research

While the past study has looked at the relationship between participatory leadership and creative employee behaviour, further research is needed to determine how this relationship depends on the workplace, especially in international organizations. This study aims to close this gap by examining how a supportive workplace influences the relationship between participatory leadership and innovative employee behaviour in global firms (MNCs). Moreover, this study will contribute to the body of knowledge by examining the mechanisms through which participatory leadership encourages innovative employee behaviour in MNEs.

Recommendations for further research

Further research could investigate the factors that contribute to the adoption and implementation of participative leadership within organizations. This could involve examining organizational climate, leadership styles, and contextual factors that facilitate or hinder the practice of participative decision-making. Given the finding that a majority of respondents do not possess the traits or skills associated with leadership, future studies could focus on developing and implementing effective leadership development programs. These programs could aim to enhance leadership competencies and empower employees to take on leadership roles, fostering a climate of shared decision-making and participatory leadership.

It is important to delve deeper into the reasons behind the perceived failure of companies to promote proactive employee behavior and explore new opportunities. Future research could identify the barriers and challenges that hinder employee proactivity, such as organizational structures, management practices, or individual factors, and propose strategies to overcome them. Investigation of leader behaviors and their impact: Further research could explore the specific leader behaviors that encourage or discourage employee proactivity. This could involve studying the impact of different leadership styles, communication practices, and decision-making processes on employee motivation, engagement, and willingness to take initiative. Given the multinational context of the study, future research could compare and contrast the effects of participative leadership on employee behavior across different cultural contexts. This could shed light on the cultural variations in leadership practices and their impact on employee creativity and innovation. Conducting longitudinal studies could provide insights into the long-term effects of participative leadership on employee behavior and organizational outcomes. By tracking the changes in leadership practices, employee attitudes, and organizational performance over time, researchers can better understand the dynamic nature of participative leadership and its impact on employee behavior.

In conclusion, further research should delve into the factors influencing participative leadership, explore effective leadership development programs, identify barriers to employee proactivity, investigate leader behaviors, conduct cross-cultural studies, and conduct longitudinal studies to deepen our understanding of participative leadership, employee behavior, and the role of leaders in fostering a proactive work environment. By addressing these research gaps, we can enhance our knowledge and develop practical strategies for effective leadership practices in the face of increasing market competition.

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